Village Enterprise Fund

(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

for the Fiscal Years Ended: June 30, 2005 and 2004

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Patricia M. Hablutzel Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Village Enterprise Fund
(A California Nonprofit Corporation)
San Carlos, California

I have audited the accompanying statement of financial position of Village Enterprise Fund as of June 30, 2005 and 2004 and the related statements of activities and change in net assets, statement of functional expenses, and statement of cash flows for the years then ended. These financial statements are the responsibility of Village Enterprise Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Village Enterprise Fund as of June 30, 2005 and 2004 and the results of their operations for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Mountain View, California September 29, 2006

P. M. Habletzel

Village Enterprise Fund Statement of Financial Position As of June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents Prepaid expenses Computers and Equipment at net	\$ 151,942 429 4,357	\$ 48,329 2,620 889
Total Assets	\$ 156,728	\$ 51,837
Grants Payable Net Assets, Restricted Net Assets, Unrestricted	\$ 74,268 5,000 77,460	\$ 46,390 20,000 (14,553)
Total Liabilities and Net Assets	\$ 156,728	 51,837

Village Enterprise Fund Statement of Activities For Twelve Months Ended June 30, 2005 and 2004

REVENUE	Harastricted	Temporary Restricted	2005 Total	Unrestricted	Temporary Restricted	2004 Total
	\$ 470,178 30,000 515	5,000	\$ 470,178 35,000 515	\$ 281,441 23 555	20,000	\$ 281,441 20,000 23 23
Otner Income Total Revenue	500,693	5,000	505,693	282,019	20,000	302,019
EXPENSE						
Program Services	293,727	20,000	313,727	225,332	1	225,332
Support Services Fundraising Expense General Administrative Expense	79,374		79,374	64,369		64,369 26,442
Total Support Service Expense	114,953		114,953	90,811	•	90,811
Total Expense	408,680	20,000	428,680	316,143		316,143
Change in Net Assets Beginning Net Assets	92,013 (14,553)	(15,000)	77,013 5,447	(34,124)	20,000	(14,124)
Ending Net Assets	\$ 77,460	\$ 5,000	\$ 82,460	\$ (14,553)	\$ 20,000	\$ 5,447

The accompanying notes are an integral part of this statement.

Village Enterprise Fund Statement of Functional Expenses For Twelve Months Ended June 30, 2005

Kenya Tanzania Uganda US Total G&A 9	Procedum Signy(CES) Support Services Total C & A Funtatisis Total C & A Funtatis Total C & A Funtatis Total C & A Funtatis Total C &					Twelve Mor	Twelve Months Ended June 30, 2005	une 30, 200	20						velve	Months Ended June 30, 2004	Inc 30, 2004			Tot
Keryal Timestalla Ligation Ligation Companie		7/61		PROG	RAM SERV	ICES		SUP	ORT SERVI	CES	Total		PROG	RAM SERVIC	SS		જ 	IPPORT SER	/ICES	<u>5</u>
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and a control	anses and sales 5,596 5,194 7,250 12,445 2,0964 6,561 8,963 7,300 8,055 and sales 54,276 5,536 6,368 1,576 7,260 1,246 6,561 8,636 1,638 7,300 opplies 4,300 4,216 8,405 7,500 24,541 7,260 1,770 7,700 1,441 6,480 1,700 1,440 1,600 ant 4,300 4,216 8,405 7,500 24,541 7,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,441 6,480 1,700 1,480	aries	\$ 25,622					13,066	55,365			13,200	5,400	6,300	22,250			()	ை	₩
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		enreciation		·	ě			1,389	٠	1,389			Ð		a	1	22		77	7

Village Enterprise Fund Statement of Cash Flows As of June 30, 2005 and 2004

	<u>2005</u>	2004
CASH FLOW FROM OPERATING ACTIVITIES Excess (deficiency) of revenues over expenses	\$ 77,013	\$ (14,124)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:	2 101	(2.620)
Increase Prepaid Expenses Decrease in Accounts Payable	2,191 -	(2,620) (2,721)
Increase in Grants Payable	27,878	5,450
Depreciation Expense	1,389_	222_
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	108,471	(13,792)
CASH FLOW FROM INVESTING ACTIVITIES Acquisition of property and equipment	(4,857)	(1,111)
NET INCREASE (DECREASE) IN CASH	103,614	(14,903)
SIPPR-LIGHT TENERISTING F-F-SIPPR-VINET-HIS MUNICIPPE SINGLES SINGLE SIN		
CASH AT BEGINNING OF YEAR	48,329	63,232
CASH AT END OF YEAR	\$ 151,942	S 48,329

Village Enterprise Fund
(a California Nonprofit Corporation)
Notes to the Financial Statements
June 30, 2005 and 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Activities:

Village Enterprise Fund (the Organization), is a nonprofit 501(c)(3) organization incorporated in California, USA. The organization funds micro business enterprises in developing countries, but primarily in Africa. The U.S. office is located in San Carlos, California with key international locations in Kenya, Uganda and Tanzania.

The Organization provides seed money, training and mentoring to groups of five (5) or more qualified entrepreneurs in Kenya, Uganda and Tanzania. Each collectively owned business works with a volunteer field coordinator to prepare a mini-business application. If approved, the business receives a US\$50 grant to get started. Upon meeting certain goals, each concern can receive another US\$50 after six months of operation. Since its inception, the Organization has funded over 10.000 businesses.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Contributions:

All Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Fixed Assets:

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes:

The Organization is exempt from federal income taxes under section 501©(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701d.

Revenue Recognition:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Contributions:

The Organization receives a substantial amount of its funding from individual donors and private foundations. Board members also make annual contributions to the organization. No amounts have been reflected in the financial statements for contributions which do not meet the criteria for recognition under SFAS 116, Accounting for Contributions Received and Contributions Made.

Cash and Cash Equivalents:

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

NOTE 2. EQUIPMENT

Equipment consists of the following:

Description	<u>2005</u>	<u>2004</u>
Computers and Furniture	\$ 5,968	\$ 1,111
Accumulated Depreciation	<u>-1,611</u>	-222
Net Book Value	\$ 4,357	\$ 889

NOTE 3. GRANTS PAYABLE

The Organization awards \$100 grants to small startup businesses as approved. The entire grant amount is recorded as an expense at the time the grant is awarded, although the business receives only 50% of the grant (US\$50) to get started. The remaining US\$50 is recorded as a liability until disbursed. Once the business goals are met, the additional US\$50 is disbursed and the liability account is reduced by the disbursed amount. If the business does not meet its goals, the second half of the grant award is withheld. This amount is returned to the pool for new applicants. Grants are funded on a quarterly basis.

Village Enterprise Fund Supplemental Statement of Functional Expenses For Twelve Months Ended June 30, 2005

				ä	30GF	PROGRAM SERVICES	VICES				5.53	SUPPOF	SUPPORT SERVICES	ES			Total
		Kenya	1º	Tanzania	ñ	Uganda		Sn	Total		G&A	Fund	Fundraising	Total	al		Expenses
Salaries	€	25,622	Ø	12.672	÷	18,384	↔	26,132 \$	82,810	49	13,066	69	55,365	↔	68,431	₩	151,241
Payroll taxes and fringe benefits					ę				8,359		5,194		7,250		12,445		20,804
Grants to individuals		54,276		52,535		60,826			167,637						•		167,637
Relief supplies									ī						**		I.S.
Micro enterprise integration									Î								L
Training		4,360		4,216		8,465		7,500	24,541						ľ		24,541
Capital equipment				l											ői.		t
Interns								750	750						â		750
Professional fees								382	382		2,750				2,750		3,132
Rent											3,195				3,195		3,195
Utilities											853				853		853
Office Expenses								1,455	1,455		3,205		307		3,512		4,966
Postage								86	86		1,248		455		1,703		1,801
Telephone and internet								237	237		2,704				2,704		2,941
Subcontract labor								300	300						1 T		300
Meetings, conferences and training								221	221		348		222		570		791
Travel								24,127	24,127		7		200		207		24,633
Printing and publications									ı				3,550		3,550		3,550
Fundraising Campaign									i				11,401		11,401		11,401
Website								2,595	2,595						r		2,595
Other costs								215	215		1,619		325		1,944		2,159
Depreciation								0.000	i		1,389				1,389		1,389

The accompanying notes are an integral part of this statement.

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Village Enterprise Fund Supplemental Statement of Functional Expenses For Twelve Months Ended June 30, 2004

				ā	30GF	PROGRAM SERVICES	/ICES					0)	UPPO	SUPPORT SERVICES	S	ě		Total
	Kenya	/a	Tanzania	ania	ñ	Uganda	[D 	Sn	Ļ	Total	allo	G&A	Fund	Fundraising	Total	اً ا	Exp	Expenses
	200										į		,		4			700 077
Salaries	8	13,200	<u>-</u> ,	5,400	↔	6,300	₩	22,250 \$		47,150	₩	11,665	₩.	53,546	Đ.	65,211	æ	112,361
Payroll taxes and fringe benefits	Ð	6,561		8,983		7,380		8,055		30,978		2,438		5,679	w	8,116		39,094
Grants to individuals	43	43,124	72	25,853		16,398		•		85,374						: 1		85,374
Relief supplies						2,750				2,750						œ.		2,750
Micro enterprise integration	\$	1,500				8,700				10,200						1		10,200
Training	တ	6,520	0514-520	1,441		6,480				14,441						1.		14,441
Conference Sponsor								1,000		1,000						E		1,000
Interns								3,171		3,171						<u>I</u> S		3,171
Professional fees								663		663		2,500				2,500		3,163
Rent										¥9		3,780			67	3,780		3,780
Utilities										i		602				602		602
Office Expenses								2,003		2,003		2,138		284	***	2,422		4,425
Postage								146		146		749		798		1,547		1,693
Telephone								610		610		1,777		271	14	2,047		2,658
Subconfract labor								3,000		3,000						1		3,000
Meetings, conferences and training								466		466		182		172		353		820
Trawel								23,181		23,181				104		104		23,284
Printing and publications										r				2,902		2,902		2,902
Website										Ê				35		35		32
Other costs								200		200		391		578		696		1,169
Depreciation										i i		222				222		222
																3000		

The accompanying notes are an integral part of this statement.

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26,442 \$ 64,369

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